

**Water/Wastewater Commissioners’
Meeting Minutes
February 1, 2011**

Present: Robert E. Courage, Chairman
Michael E. Putnam, Vice-Chairman
Dale A. White, Member
David Boucher
Evelyn Gendron

Call to Order:

Chairman Courage called the meeting to order at 6:00 p.m.

Appointments:

The Commissioners welcomed Mr. Bill Parker, Director of Community Development, and Mr. David Hammer, present this evening to inquire about the future possibility of expanding the sewer line along Elm Street, as he is the owner of the properties located at 300, 312 and 320 Elm Street and he said that the status of the sewer system has an effect on the potential for selling the old Milford Lumber property, as it is now listed for the second time at a lower price. He would like to entertain the possibility of marketing the property to buyers interested in purchasing for light industrial, warehouse, or restaurant purposes, but the question of the status of the sewer keeps coming up. Extending the sewer to his and the adjacent properties would increase property values and generate revenue for the town. Mr. Hammer said that he and Mr. Parker had spoken informally about the situation and that Mr. Parker suggested a meeting be held with the commissioners. He said the gap between the #312, #320 and the bowling alley for sewer reduces the value of the old Milford Lumber property to basically just land value with a building used as dry storage without heat. Getting the property developed would be in everyone’s best interest, he said. He would be happy if the land would be purchased and utilized by a neighbor with a business plan and for him to continue focusing on his car dealership.

Chairman Courage said that the time of year as well as the economy makes the situation difficult, adding that in his mind, the location would be of benefit to the community. When Milford Lumber was located on Elm Street, he said, the water service was sized for their needs, which is probably considered small for another business, that may change the use of the property, but there is more than an adequate supply of water along Elm Street, as the service supply line has since been improved to something larger, with future extensions in mind, but funding is always the issue. Mr. Courage said that when the facility was built, some 30 years ago, several future sewer extensions were included in the plant design, some of these sewer extensions in various areas have been completed, however this Elm Street section had not been done. When the commissioners first learned of Mr. Hammer’s interest through Mr. Parker and Mr. Boucher, the plan on file was retrieved and updated, and Mr. Courage said he believes approximately \$8,000.00 had been spent to have Meridian Land Services update the plan including the area to extend the sewer from Pizza Hut, where it terminates, up to the bowling alley. There is lukewarm interest from other land owners and businesses there, as Mr. Courage said he has only heard of Mr. Hammer’s

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interest. A cost estimate in today's dollars was done and Mr. Commissioner White has checked the numbers and feels that the cost is reasonable in today's construction markets. Mr. Courage said that the problem is that the town policy regarding something like this involves two options, one is that the land owner or developer collectively pay the cost of the extension, or, two, a town meeting warrant article to see if the town would pay for the sewer extension. Mr. Courage said that the commissioners' policy is that whoever wants a sewer or water extension has to pay for it; money is not put aside currently for future extensions, and therefore has not been taken into consideration in our current water and sewer rates. Mr. Hammer asked if he had someone interested in purchasing the property, subject to the sewer, what could he expect to tell the potential buyer: that they could hook up to the existing termination point on that property line with #312 and #300, or cross the #300 to the next property corner. Mr. Courage said that the usual policy is that one extends it from one property corner to the other, so that in fairness to the next person who wants it. Commissioner White said it would be approximately 350' from the manhole at the old Pizza Hut to Mr. Hammer's property line and a depth of approximately 5' or 6' and may encroach a couple of feet into the pavement, depending on what the trench banking needs to be for safety's sake. Mr. Courage said that such an extension would be a fair amount of money, but not an extensive cost within the construction industry. Commissioner White said that, speaking as a citizen, and understanding the Board's position, he said that he doesn't 100% agree with it, yet, at the same time, two schools of thought. It might be an unfair thing to the rest of the sewer users to extend somebody else's sewer line to benefit another party when there would be no benefit to them, if you will, in theory. He said at the same time, from a sewer user standpoint, they all have theirs, why wouldn't it be fair to have everyone have theirs, and everyone help pay part of that freight, if you will. He said that he also has the feeling that the infrastructure would only add value to the Town of Milford to have the sewer extend as far as it can possibly go, taking into consideration the wastewater treatment plant capacity, considering the capacity the plant was built to handle. Another thought Commissioner White said that he has had, and this would be a change from the Board's perspective is: is there the possibility that there can be a three-way party participation to pay, wherein the Town of Milford could help extend that to better suit, or draw, a better tax base...could there be a participation in which Mr. Hammer would pay, and the Commission would pay? Commissioner White said he believes the property in that area has good value, and he believes Mr. Hammer would benefit and therefore should share in the responsibility to pay, and he said it would benefit future groundwater protection, too.

Mr. Hammer said that because this area is zoned commercial, such infrastructure improvements would help develop the commercial district in a meaningful way in keeping with the way you would want the town to look, and draw quality companies. Superintendent Boucher said that the bottom line is that if someone were interested in the property, this is doable, they would just have to extend the sewer line to the end of their property line, connect it, and use the acceptable plans that the Commission paid for; the expense of extending the sewer would be minus the cost of the plans. Mr. Boucher said that it is fortunate that the majority is off of the road. Mr. Boucher feels that this project would not allow for much of a return on the investment by the town, and this is a revenue-based department, and what benefits the town, we are all for it. However, the tax part of this equation isn't a factor for the Sewer/Water Utilities Department, and it wouldn't be "fair" to allow Mr. Hammer to tie into the system from that property without the potential for another property above his to tie in. In fairness to the other properties above, the sewer would have to be extended along the total frontage of the property. Mr. Parker asked Chairman Courage if he recalled from years ago that there had been a pay-back formula or sorts, for impact fees, that had been struggled with. Mr. Courage said that is gone, and ended in a mess. Mr. Parker asked if there was a way to resurrect a simpler formula, so that contributions could be had

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from all parties, or some sort of pay-back calculated, if Mr. Hammer or a future developer built sewer along that property that they could get some pay-back from, say, the Carrigan Place property, where there has been some inquiries, and NPC had inquired about the sewer a few years ago, too. Chairman Courage said that he thinks Mr. Parker's thoughts on this are great, but the big benefit, as Superintendent Boucher pointed out earlier, the benefit is to the Town of Milford. If you can put something in there that is going to increase the property taxes, employ people, and improve what is there now, it is going to benefit the town and, to Mr. Courage, if your Planning Board could work with the Selectmen on this to try to restore something where the town participates in these types of things, the thing to be remembered is once you begin doing this, you will have to do this on every request and not be selective, to be fair. Mr. Courage said that in the case of Hampshire Hills and The Reserve, the Selectmen waived the impact fees, which amounted to a lot of money, so that was their contribution, but the impact fees do not exist anymore. In the case of the Pennichuck water main along Armory Road and Old Brookline Road, a \$450,000 investment in a new water main that was turned over to the town, by Pennichuck. Mr. Courage said that he had suggested that the impact fees be waived on the 29 units in Ashley Commons, however, the commission voted it down and charged Pennichuck in addition to their contribution, the entrance fees.

Vice-Chairman Putnam said there are approximately 3800 water users and 3300 sewer users; the commissioners cannot utilize their money to extend something that is going to benefit the entire town. The town should go before the taxpayers so that the cost of that sewer extension is spread amongst all the taxpayers and the revenues generated by one or two properties isn't enough of a return on Water Utilities' investments to make that kind of an investment. Mr. Putnam agreed with Mr. Courage, the commission doesn't have enough of a rate base to deal with extending infrastructure for development. He said that we are basically non-profit and we charge enough to maintain the existing infrastructure. Vice-Chairman Putnam said that he understands Mr. Hammer's position, and he agrees with Commissioner White that it would be great if the commission could help extend the sewer line, but we have to watch the spending for the users of the system. Chairman Courage said that he thinks the town should show an interest in this because what Mr. Hammer wants to do is a benefit to the community, and the town should recognize this and have a formula in which one could participate in the cost-sharing rather than paying for all of the extension because the town is going to benefit. Mr. Courage said that the benefit will only be the water use and the sewer discharge results in the water/sewer billing. Superintendent Boucher said that he ran the calculation to see how long it would take, if the entire extension were done, and just with the entrance fees and the projected sewer rate, it would take over 40 years to pay off that project in a best-case scenario because there is not a lot of water usage and sewer discharge based on the current users, looking at the past billing history of the lumber company, which could change depending upon what business would go into that property. Mr. Hammer said that a light-industrial comparison could be made to his company's usage, say for cooling a light manufacturing equipment company, but would probably still be more usage than the lumber company would have had, yet less than he pays for the 320 Elm Street property, as the Enterprise Company washes a good amount of vehicles. Mr. Boucher added that Blue Seal pays for water but doesn't currently pay for sewer. He said that as people weigh the benefits of tying into the system, they will also look for ways to save, making it difficult for Water Utilities to project potential revenue. Mr. Putnam reiterated that the cost of water and sewer discharge will still just cover the operating costs, not profit. Commissioner White asked what the Board's mindset would be, relative to the Economic Development being discussed, with respect to a recommendation for Mr. Hammer to pursue discussions. Mr. Parker said that the Planning Board certainly would support generating more interest in the whole West Elm Street development and

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agreed with Chairman Courage that a draft policy could be presented to the Selectmen. Chairman Courage said that he is thinking back to the days when the town had a 1/3 – 2/3 policy, when warrant articles were voted on that in which the town participated with such extensions. Commissioner White recalled Mr. Courage previously mentioning a 26% cost Town participation had been calculated for the Holland Tank resulting from a consultant's study, yet the town declined to participate in that project. Mr. Courage said that the mindset of recent Boards of Selectmen, dating back to when Mr. Courage was a Selectmen, has been that anything having to do with water or sewer had to be paid for by the users. The town hadn't participated because the Selectmen didn't want those types of projects on the tax rate. Mr. Courage said that whether a project cost is on the tax rate or whether it is on the water and sewer department's bonds for infrastructure replacement to maintain the system, not the type of extension that Superintendent Boucher had spoken of, the user isn't escaping any expense if a project is on the tax rate; the user pays taxes, too. It is just those non-users who would get the benefit. When the Holland Tank project was to be built, back when the Selectmen were the "commissioners", a study was done in 2004 to determine what the "benefit" was to the users and the entire town and the resulting recommendation was that the entire town benefits 26% from the water and sewer system operating costs, and 74% was the benefit to just the users, which was close to a third, Mr. Courage said. Now, anything to be done concerning water and sewer has to be paid for by the user. Vice-Chairman Putnam said this could be a charge for the Economic Development Advisory Committee, to work up a policy and make a recommendation on this to the Selectmen. Mr. Parker said that this committee is coming before the Selectmen with an update on February 14th and perhaps could bring this up. Mr. White said he had calculated a price for such a line, and knows that his price was within \$10,000 - \$20,000 of Meridian's engineering estimate for the overall line, but supposed if the price was used and divided by the 1,350 feet of line, you would come up with \$130.31 per lineal foot, and if you took that and multiplied that by the 350 feet, you would come up with \$45,608, which would answer the question to Mr. Hammer "What would this project even cost?" Mr. White said a realistic cost would be in the \$45,000 range, plus or minus 10%. Mr. White said, without having been asked to do so, this would give Mr. Hammer an idea of a sewer portion cost estimate to project to a developer, and the plans have been completed and are available for reference, meanwhile the town could consider it's position on such a policy. Superintendent Boucher said that Mr. Hammer could send potential developers to the Water Utilities Department to reference the prepared plans and speak with the Collection Systems Foreman. Mr. Boucher said that the sewer entrance fee is calculated on the projected gallons per day for any proposed facility. Mr. Boucher said that the commercial sewer entrance fee is \$9.01 per gallon, so the estimate would be based on the projected number of toilets and sinks, while a residential sewer entrance fee is a flat \$1,391.00. Mr. Courage said that the \$8,000 is an investment in the design. Mr. Putnam said that, for the right developer, a \$45,000 investment may be the right investment. Mr. Putnam said to Mr. Hammer that there is not much that the Commissioners can do now, so perhaps it would be best to approach the EDAC committee and then the Selectmen directly to establish a policy, which would establish which party should be responsible for increasing the future water and sewer infrastructure, since the commissioners are responsible for maintaining the infrastructure. Mr. Boucher told Mr. Hammer that, in a way, he is fortunate that there is not another establishment between his property and where the sewer terminates currently. Mr. Parker asked Mr. White to calculate the cost to go from Mr. Hammer's northeast corner up to Carrigan's Place. Mr. Boucher said that he had received inquiries of that vicinity. Mr. White replied \$84,500, adding that is also coming up by two other properties, minus his portion, going by the strip mall, and Blue Seal, continuing to the end of his property, just before the smoke shop entrance. Mr. White said that the charge of the Economic Development Committee is to look again at the Elm Street corridor to see what can be done to spruce up that area. Mr. Putnam asked

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what the overall engineer's cost was for that entire stretch. Commissioner White replied \$207,000, with his cost being \$180,000 and either party may be right with their cost. Mr. Putnam said the town might also look at the angle of the return on the investment, figuring the tax rate versus the commissioners figuring the water and sewer costs. Mr. White said anything would be better there, with the right user. Mr. Hammer said that as a car property owner, he would have to weigh which direction he would be going in, with respect to the potential for the town's cost-sharing, and whether he would be doing the sewer extension for the sake of inventorying it more than anything else, because since he purchased the property, he has put a lot of money into it. He said he is not looking for sympathy, but stating the reality. His agent is confident that, in time, the right light industrial buyer will come along. Chairman Courage said that he considers this area should be very marketable.

Chairman Courage said that another angle might be the planned intent for extending a sewer extension in the 1980's in the area of Summer Street, Mayflower Drive, and Falconer Avenue. Several new sewer extensions were designed to be handled in our new treatment facility, and before it was all resolved, the sewer was provided by Town Meeting vote with the sewer rate payers obligated to pay the bond issue off over 20 years. Suppose if the Superintendent was to go forward and put this sewer line in to accommodate Mr. Hammer's needs, prepare a warrant article for the next town meeting for the total cost of the extension, for which Mr. White has the numbers, and the idea could be sold based on the fact that it would be an extension that was supposed to be included in the major sewer project back in the 1980, and see if the town would pay for that, then costs could be reimbursed for the portion which had been paid for because Mr. Hammer wanted to move forward, which would enhance the value of the property. It would be justification, if he moves forward, to reimburse him for his costs, if the total project was voted at town meeting, or even a 50/50 split of costs, since anything would be a help. Mr. White said that because, in 2011 facts, no one is going to look at that property to bring anything of any value from a tax revenue or property value that you're going to "have to have" sewer there. Mr. Hammer didn't have additional questions and thanked the commissioners for their time.

Decisions:

Approval of Final Minutes – The minutes of the meeting held January 18, 2011 were tabled until the next meeting. The commissioners will review the minutes recorded during the joint meeting held with the Board of Selectmen and the City of Nashua.

Water Users Fee/Tax Collector's Warrant – The Commissioners signed this document as presented for the January 2011 Bill Commitment 110131 and for the January 2011 Final Bills issued.

Sewer Users Fee/Tax Collector's Warrant – The Commissioners signed this document as presented for the January 2010 Bill Commitment 110131 and for the January 2011 Final Bills issued.

Citizens Request for Payment Assistance – 2 Olive Street – Upon discussion of the circumstances of the water usage and past billing history for this residence, Vice-Chairman Putnam made the motion to extend a one time credit in the amount of \$110.00. Chairman Courage seconded the motion. All voted in favor.

Business Request for Waiver of Fee – RDP Water Systems Plumbing – Upon discussion of the circumstances surrounding the broken meter and repairs made by non-Water Department personnel,

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Vice-Chairman Putnam made the motion to waive this fee on a one time basis and that a letter be sent to the customer via certified mail explaining the water regulations. Chairman Courage seconded the motion, all voted in favor.

Information Items

2010 Abatement List - Reviewed by the Commissioners.

Activity Report - Reviewed by the Commissioners.

1991 Sewer Lien Release – Letter reviewed by the Commissioners regarding 156 Summer Street. This will be handled by the Board of Selectmen.

Non-Public Session (RSA 91-A:3,II(d)) Land – The Commissioners entered into Non-Public Session by unanimous vote. Upon exiting from the non-public session, Chairman Courage announced that there will be further negotiations with the Tromblys.

Future Appointments/Meetings:

The next Water and Wastewater Commissioners' meeting will be held at 6:00 p.m. on Tuesday, February 15, 2011 at the Water Utilities Department, 564 Nashua Street.

Adjournment:

A motion to adjourn the regular meeting was made by Vice-Chairman Putnam at 8:00 p.m. Commissioner White seconded the motion. All voted in favor.

Respectfully submitted,

Evelyn B. Gendron

Robert E. Courage, Chairman

Date

Michael E. Putnam, Vice-Chairman

Date

Dale A. White, Commissioner

Date

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